

LYNCHBURG REGIONAL AIRPORT

COMMISSION MEMBER UPDATE

Wednesday, August 20, 2014

REPORT

AIRLINE PASSENGER TRAFFIC CONTINUES DOUBLE-DIGIT GROWTH

July added to the healthy summer growth trends at LYH, finishing the month with a 12.1 percent increase in total passenger traffic. In all, the airport handled some 14,053 passengers on a 6.1 percent increase in seat capacity for the month and a 3.2 percent increase in passenger load factor. Without a doubt, our summer performance has followed earlier advanced booking trends, although I don't expect this rate of increase to necessarily continue. With strong summer leisure demand now winding down, I anticipate that passenger traffic into the fall should remain somewhat consistent with last year's performance, as it appears that business travel demand in the region has stabilized somewhat.

ENVIRONMENTAL PHASE OF NEW ATCT NEARS COMPLETION

The environmental assessment phase of LYH's new air traffic control tower project is beginning to wind down with the expiration of the 30-day period for public comment. Only one letter was received during the comment period which was submitted by the Virginia Department of Environmental Quality (DEQ). While the number of comments made by the DEQ was numerous, all were relatively minor in nature. The final environmental assessment is now being prepared for formal submission to the FAA. At this point I don't expect that approval process to delay the start of the design phase of the project, which is scheduled to begin this fall.

INITIAL PHASE OF AIRFIELD REHAB PROJECT COMPLETED – NEXT PHASE UNDERWAY

The airfield's taxiway realignment and parking apron expansion project continues to make good progress, with the initial phase completed and opened for traffic on August 4, 2014. The next phase is now well under way, with most rough grading completed and with final elevations in place. The next major impact on airfield traffic will be when Taxiway "B" is partially closed to allow for completing pavement tie-in work at the new intersection with Taxiway "D." That will involve a 10-day period, most likely in the beginning of September. I will provide a project status update at next Monday's meeting and answer any questions the Commission may have about this project.

On a related note, the prime contractor on this project, Branch Highways, is currently in the process of pricing an add-on project for grading work in the North GA Development Area near the approach end of Runway 17. This initial phase is intended to improve the site and bring it to airfield elevation in order to make that site more attractive to potential aeronautical tenants.

AIRLINE MEETINGS SCHEDULED AT WORLD ROUTES CONFERENCE

As was noted in my last update, LYH has selected three air service consulting firms for term contracts to provide professional services related to recruiting and retaining airline service over the next four years at LYH. Two of those firms, Mead & Hunt and Sixel Consulting Group, were subsequently selected for initial task orders to support my upcoming attendance at the World Routes Conference being held this year in Chicago.

World Routes is an international airport and airline gathering that offers airports the opportunity to meet one-on-one with airline planning officials over a three-day period, and includes an extensive exhibit hall and airline briefings in a conference-style setting. While I don't have all my "wish list" of airlines confirmed that I have requested meetings with, at this point I have received initial confirmation of most, including American/US Airways, United, Delta, Southwest, Silver (UA Express), Allegiant and Frontier.

DOAV TO UNDERTAKE A STATE-WIDE COMMERCIAL AIR SERVICE REVIEW

At the request of the Governor, the Virginia Department of Aviation (DOAV) will be undertaking a Commercial Air Service Airport Strategic Review in order to assess the state of airline service at the Commonwealth's nine commercial service airports. The DOAV has reached out to the commercial airports to solicit input on a proposed scope of work and study focus for the Request for Proposal Process. While such studies in the past have created a certain degree of negative impressions, the airports are very involved in trying to explore opportunities that can be created through this process. In particular, Washington Dulles as a Virginia hub has been identified as a promising focus of the study. I will provide an overview of this study in more detail at next Monday's meeting.

AGENDA FOR COMMISSION MEETING

In addition to the items noted above, the agenda for the August meeting will include a Commission discussion of the list of ideas provided by participants at the August 11, 2014 GA Community Forum, with particular emphasis on identifying those items most important to the Commission for further consideration. If you have any questions regarding the upcoming Commission meeting, please feel free to give me a call at 455-6089, or by cell at 444-3363.

Respectfully yours,

Mark F. Courtney

Mark F. Courtney, A.A.E.
Airport Director

LYNCHBURG REGIONAL AIRPORT COMMISSION
Monday, August 25, 2014
4:00 p.m.

AGENDA FOR THE COMMISSION

1. Call to Order

CONSENT AGENDA

2. June 16, 2014 Commission Meeting Minutes
3. Lynchburg Regional Airport August 2014 Air Service Update
4. July 2014 Passenger Traffic Report

Consent Agenda Recommended Action: Receive and File

REGULAR AGENDA

5. Report of the Airport Director
 - A. A status report on Phase 2 of the Airfield Rehabilitation Project
 - B. An update regarding the environmental report and next steps involved in the construction phase of LYH's new air traffic control tower
 - C. A report with regards to the Virginia Department of Aviation's upcoming Commercial Air Service Airport Strategic Review
6. Commission member discussion of the list of ideas provided by participants at the August 11, 2014 GA Community Forum, with particular emphasis on identifying those items most important to the Commission for further consideration
7. Miscellaneous business
 - A. Inquiries and/or comments by Commission Members
8. Reports of airport businesses
9. Hearings of citizens upon Commission matters
10. Adjournment

**MINUTES OF
THE
LYNCHBURG REGIONAL AIRPORT COMMISSION MEETING
June 16, 2014
4:00 p.m.**

PRESENT:

Robert Day
Stewart Hobbs
Mike Davidson
Don Brown
Kimball Payne
Bert Dodson
Debra Allen
Lynch Christian
Charles Nowlin

STAFF PRESENT:

Mark Courtney, Airport Director
Rick Stein, Deputy Airport Director
Wes Campbell, Airport Finance Director

(1) CALL TO ORDER:

The meeting was called to order at 4:00 p.m.

(2) APPROVAL OF June 16, 2014 CONSENT AGENDA

Mr. Hobbs confirmed that everyone had received the items from the consent agenda; the March 24, 2014 Commission Meeting Minutes, the May 19, 2014 Special Commission Meeting Minutes, the June 2014 Air Service Update and the April 2014 Passenger Traffic Report and asked if there were any questions, comments or changes regarding the consent agenda items.

Mr. Hobbs said that hearing no questions or comments, he declared the Consent Agenda accepted as presented to receive and file.

Mr. Courtney stated that after looking at the May 2014 Air Traffic Report which was recently compiled, he was very pleased with the numbers, although we actually had six fewer flights than we did in May last year. Additionally, we did not have quite as many of the CR-700s (the 64-passenger RJs) for college graduations this year as last year; nevertheless, we were up 2.9% in boardings over last May. He said that PSA, one of the regional jet service providers here, had a load factor of 92.7%, and the DASH 8-300, a 50-seat turboprop, had an 84.8% load factor. He said these are the kind of load factors that the mainline carriers average with large aircraft. He said our overall load factor for the month was 84.7%. He said that is very encouraging, but at those levels we are clearly turning away business. He said we need bigger airplanes and we need more seats.

Mr. Charles Nowlin said he would like to take his hat off to whoever did the minutes; they got it right.

Mr. Courtney responded that he and Jewel Williams had done the minutes and there were a lot of hours spent on them.

(3) REPORT OF THE AIRPORT DIRECTOR

A. An update on the final selection of professional consultants to provide air service development services at LYH and the initial planned strategy for utilizing these services.

Mr. Courtney said we received three submittals and selected three that qualified for the solicitation. We have selected two to go forward with the initial Task Orders. Sixel Consulting Group was selected to support our

efforts to get more destinations, or at least another destination and upgraded equipment, on US Airways/American Airlines. Sixel has a relatively new project manager, Greg Atkin, who was with US Airways for a number of years, and they specialize in smaller airports.

Boyd Group was one of the short-listed firms and while they were not selected for the first task, they can be helpful in other areas. The other short-listed firm was Mead and Hunt, which have some good contacts with United Airlines and through other clients have a good ongoing relationship with United Airlines.

He said Mead and Hunt just met with United Airlines last week on behalf of another client and was able to get a sense of where United is at Dulles International Airport. He said United is still not in any kind of growth mode at Dulles, and that their summer schedule is still reduced and domestic flying is just not being emphasized as much at Dulles as is international. Consequently, our emphasis is going to be on developing our international opportunities and strength in this market.

Mr. Courtney said both consultants suggested that the best way to proceed is to meet with those airlines at the World Routes Airline Planners Meeting in Chicago which is being held September 20 – 23, 2014. He said he went last year, and it is a speed-dating kind of event similar to Jumpstart.

He said American has already indicated that they are not even meeting with airports (except for large airports) and they indicated that meetings with small airports should be scheduled at Routes, if possible.

He said both Sixel and Mead & Hunt were on board to put together presentations and help facilitate meetings with both United and American at the Routes Meeting in Chicago. He said he was asking for a meeting with Delta, Allegiant, Frontier, Spirit and Silver Airways (which is a code-share regional partner with both United and American). Silver operates the Saab 340s which we have been trying to get for quite a while. He went on to further detail and discuss the issue.

Mr. Courtney said he did speak with Tim Lyon, who is the managing director for pricing with US Airways. He said the pricing department has been reorganized for a while. He said they totally restructured the planning department so instead of being structured the way US Airways was, they have a planning director or manager that is in charge of the Charlotte hub, and the Dallas hub, and so on and so forth. He said he thought that was probably the American way of doing things. He said we lost our long time Managing Director for Express Planning at US Airways, who no longer has Domestic and is doing just International. There followed a general discussion.

B. A report with regards to entering into a new long-term lease agreement with the new American Airlines.

Mr. Courtney said he was encouraged by a meeting he had with the US Airways Property Manager that came by to visit last week. Based on what they discussed, the property manager was interested and very positive about the prospect of entering into a new long-term lease with the airport. Mr. Courtney said even though we have a month-to-month lease that has been in place since 1997, it would be nice to get a new five-year with a five-year option, similar to the kind of leases that we have in place now. The prospect of having the new American as a new combined airline making a longer term commitment is a positive thing. There ensued additional discussion.

C. A status report on Phase 2 of the Airfield Rehabilitation Project, construction progress, and updated project timeline.

Mr. Courtney gave a powerpoint presentation on the airfield rehab project. It is broken it down in phases which are all designed to meet new design standards to avoid the so called “hot spots” that are potential for runway incursions. Additionally, it will ensure there are no intersections that will have a straight-through opportunity to cross the taxiway and go right onto a runway. He further detailed and explained the project.

Mr. Courtney projected it would be finished by mid-to-end September. There followed an in-depth discussion.

There was an extensive discussion regarding the new regulations for entry level airline pilots and what it was going to mean and how it was going to affect our airport.

(4) **MISCELLANEOUS BUSINESS**

A. Inquiries and/or comments by Commission Members.

Mr. Hobbs asked if there were any inquiries or comments by Commission Members.

Mr. Courtney said he would just like to remind everyone that June 24th at 7:30 p.m. is the City Council Public Hearing for the request by Freedom and Virginia Aviation for the lease assignment.

Mr. Hobbs asked if anyone wanted to make a comment.

It was asked if anyone had given feedback or if we had heard from any citizens.

There followed a very in-depth and lengthy discussion regarding the proposed acquisition of Virginia Aviation by Freedom/Liberty. There was also a lot of discussion regarding the City's options and position and what was in it for the City and the public as well as what options Freedom/Liberty had. There ensued a lot of discussion concerning the future of general aviation on this airport and based aircraft customers of Virginia Aviation.

There were no other inquiries or comments.

(5) **REPORTS OF AIRPORT BUSINESSES**

Mr. Hobbs asked if there were any reports of airport businesses.

There were none.

(6) **HEARINGS OF CITIZENS UPON COMMISSION MATTERS**

Mr. Hobbs asked if there were any questions or comments from the citizens present.

There was a comment from a citizen regarding a comment that Mr. Christian brought out in the meeting about Freedom versus Virginia Aviation. He said when a business buys another business they buy all of their assets and liabilities. He said in this case if Freedom bought Virginia Aviation and their lease came with it, all of their assets and liabilities transferred over. He said now you are dealing with a monopoly situation. There followed a detailed discussion regarding this issue.

There were no other comments from citizens.

(7) **ADJOURNMENT**

There being no further business, the meeting was adjourned.

Lynchburg Regional Airport Commission

Effective August 2014

AIR SERVICE UPDATE

Summary The number of daily departure seats is 300 and the daily departure frequency is 6 on most days.

Carrier Profile	<u>Airline</u>	<u>Destination</u>	<u>Departures</u>	<u>Seats</u>	<u>Equipment</u>
	US Airways	Charlotte	6	300	DH3/CRJ
AIRPORT TOTAL:			6	300	

US Airways During most of the month of August, there were two CRJs and four DH3s on weekdays. Starting in September, all weekday and Sunday flights will be DH3s. The September Saturday schedule will include four DH3s and one CRJ; additionally, there will be five departures on Mondays, and six departures Tuesday through Friday.

Destinations Served	<u>Non-Stop</u>	<u>Departures</u>	<u>Total</u>
	Charlotte	6	6 (weekdays)

Aircraft Types	<u>Aircraft</u>	<u>No. of Departures/Day</u>
	DH8 Dash 8	0 Daily
	DH3 Dash 8-300	4 Daily
	CRJ	2 Daily

LYNCHBURG REGIONAL AIRPORT AIR TRAFFIC REPORT FOR JULY 2014

PERCENTAGE CHANGES												
YEAR TO DATE TOTALS			MONTH		YEAR TO DATE TOTALS			PERCENTAGE CHANGES				
AIRLINE PASSENGERS (REVENUE ONLY)					Jul-14	Jun-14	Jul-13	2014	2013	Jul-14 Jun-14	Jul-14 Jul-13	14 YTD 13 YTD
ENPLANED					4,014	6,157	4,398	28,199	22,383	-34.8%	-8.7%	26.0%
US Airways - Piedmont					696	785	1,936	14,347	21,696	-11.3%	-64.0%	-33.9%
US Airways - Air Wisconsin					2,341	123	10	3,716	881	1803.3%	23310.0%	321.8%
US Airways - PSA					-	-	-	-	-			
Charter					-	-	-	-	-			
TOTAL ENPLANED					7,051	7,065	6,344	46,262	44,960	-0.2%	11.1%	2.9%
DEPLANED					4,105	6,131	4,266	29,235	24,456	-33.0%	-3.8%	19.5%
US Airways - Piedmont					686	754	1,903	13,799	19,593	-9.0%	-64.0%	-29.6%
US Airways - Air Wisconsin					2,211	126	23	3,447	1,296	1654.8%	9513.0%	166.0%
US Airways - PSA					-	-	-	-	-	#DIV/0!	#DIV/0!	#DIV/0!
Charter					-	-	-	-	-			
TOTAL DEPLANED					7,002	7,011	6,192	46,481	45,345	-0.1%	13.1%	2.5%
TOTAL AIRLINE PASSENGERS					14,053	14,076	12,536	92,743	90,305	-0.2%	12.1%	2.7%
PERCENTAGE CHANGES												
YEAR TO DATE TOTALS			MONTH		YEAR TO DATE TOTALS			PERCENTAGE CHANGES				
AIRLINE FLIGHTS					Jul-14	Jun-14	Jul-13	2014	2013	Jul-14 Jun-14	Jul-14 Jul-13	14 YTD 13 YTD
NUMBER OF DAILY SCHEDULED DEPARTURES					3	3	3			0.0%	0.0%	#####
US Airways - Piedmont					3	3	3			0.0%	0.0%	#####
US Airways - Air Wisconsin					0	0	0			#DIV/0!	#DIV/0!	#DIV/0!
US Airways - PSA					6	6	6			0.0%	0.0%	#DIV/0!
Total Daily Scheduled Departures												
NUMBER OF CANCELLED DEPARTURES					3	7	8	38	32	-57.1%	-62.5%	18.8%
US Airways - Piedmont					0	0	1	23	11	#DIV/0!	-100.0%	109.1%
US Airways - Air Wisconsin					1	0	1	1	3	#DIV/0!	0.0%	-66.7%
US Airways - PSA					0	0	0	-	-	#DIV/0!	#DIV/0!	#DIV/0!
Charter												
Total Cancelled Departures					4	7	10	62	46	-42.9%	-60.0%	34.8%
NUMBER OF ACTUAL DEPARTURES					104	148	120	728	618	-29.7%	-13.3%	17.8%
US Airways - Piedmont					20	18	49	354	522	11.1%	-59.2%	-32.2%
US Airways - Air Wisconsin					56	3	1	85	29	1766.7%	5500.0%	193.1%
US Airways - PSA					0	0	0					
Charter												
TOTAL ACTUAL DEPARTURES					180	169	170	1,167	1,169	6.5%	5.9%	-0.2%
PERCENTAGE CHANGES												
YEAR TO DATE TOTALS			MONTH		YEAR TO DATE TOTALS			PERCENTAGE CHANGES				
AIRCRAFT OPERATIONS					Jul-14	Jun-14	Jul-13	2014	2013	Jul-14 Jun-14	Jul-14 Jul-13	14 YTD 13 YTD
(Landings and Takeoffs)					537	503	500	3,602	3,604	6.8%	7.4%	-0.1%
COMMERCIAL AIRLINE					8,346	8,903	7,634	66,823	58,909	-6.3%	9.3%	13.4%
GENERAL AVIATION					199	231	193	1,386	1,681	-13.9%	3.1%	-17.5%
MILITARY												
TOTAL AIRCRAFT OPERATIONS					9,082	9,637	8,327	71,811	64,194	-5.8%	9.1%	11.9%



LYNCHBURG REGIONAL AIRPORT

TRAFFIC STATISTICS FOR JULY 2014

JULY	PIEDMONT				AIR WISCONSIN				PSA				TOTALS			
	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor
DHC-8-200	-	-											-	-		
DHC-8-300	104	5,200											104	5,200		
DHC-8	-	0											-	-		
CR7									1	67			1	67		
CRJ(50 SEAT)	-	-			20	1,000			55	2,750			75	3,750		
Total	104	5,200	4,014	77.2%	20	1,000	696	69.6%	56	2817	2341	83.1%	180	9,017	7,051	78.2%

Year-to-Date	PIEDMONT				AIR WISCONSIN				PSA				TOTALS			
	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor	Departures	Available Seats	Passengers Enplaned	Load Factor
DHC-8-200	-	-											-	-		
DHC-8-300	709	35,450											709	35,450		
DHC-8	19	703							4	268			19	703		
CR7													4	268		
CRJ(50 SEAT)	-	-			354	17,700			81	4,050			435	21,750		
Total	728	36,153	28,199	78.0%	354	17,700	14,347	81.1%	85	4,318	3,716	86.1%	1,167	58,171	46,262	79.5%

GA Community Forum
August 11, 2014
Comments

1. What services, facilities or amenities at LYH are most important to the GA Community?

- Need to define GA – any type of non-commercial activity
- Value: affordability of services; benchmark appropriately
- Hangar space
- Familiarity and trust
- Services/facilities most important
 - Customer service
 - Fuel prices (low)
 - Maintenance availability
 - Rental availability
 - Local agreements with restaurants, tourist venues
 - Self-service fuel
 - Single FBO concerns (no choices)
 - Parking issues with school
 - Tie-down fees waived
 - Lighting, striping
 - Tower (traffic to maintain)
 - Runway 17-35
 - Clean, well-maintained hangars
 - Amenities: transient pilot (movies, gym, etc.)
 - Concierge services, courtesy cars
 - Observation area
 - Lower fuel prices
 - Restaurant
 - Civil air patrol valued
 - Length/certainty of lease agreements
 - Competition essential
 - Lease agreements should not be “all or nothing”
 - Values competition
 - Facilities for pilots (flight planning space)

2. What unrealized opportunities are there that, if realized, would benefit the GA community?

- Creation of an “airport community” to hang out
- Restaurant
- MRO (maintenance, repair, overhaul)

- Customs stop\Joe Beans drive through
- Make LYH a destination (locals and visitors)
- Promote a flying club
- Hangars
- Self-service fuel
- Simulators for GA
- Safety seminars
- Independent high school program (magnet)
- Marketing partnership with tourism partners
- Recognize that fuel prices need to be competitive with those outside VA
- Invigorate enthusiasm for GA similar to commercial
- Other flight schools

3. What other issues should be considered as we determine how to move forward?

- Economic impact of airport
- Classic business dilemma (Walmart v. Mom and Pop grocer)
- Experience of a new GA provider, including City
- Preference re: Freedom Aviation
- Showcase events – Airshow
- Glance back-forward 30 years
- Shower, etc. for corporate pilots
- LU School of Aeronautics and Freedom Aviation: can FA accommodate both
- No recourse under fuel/maintenance monopoly
- Need for formal method to challenge prices
- Hangar space during growth
- Study group to determine options
- Landing fees – eliminate parking/ramp fees
- Focus on internal vs. regional
- Concern with fictitious competition (City)
- Allow GA hangar leases with City
- Encourage Campbell County to have fuel purchased from City
- Concerns with LU bell tower
- Add annual performance measures written into minimum standards for lease agreements to alleviate monopoly/single competitor concerns
- LYH has huge opportunity to capitalize on forecasted pilot shortage by creating/expanding/maximizing flight training business and activities